NCA
VOC FOR PGM/FN
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RON PEMSTEIN/BUCHAREST

ROMANIAN ENERGY CRUNCH

ANNCR:

ROMANIA IS ATTEMPTING TO DEAL WITH A SHORTAGE OF FUEL THAT HAS AFFECTED BOTH CONSUMERS AND INDUSTRY. FROM BUCHAREST RON PEMSTEIN FILED THIS BACKGROUND REPORT.

VOICE:

AT THE END OF OCTOBER PART OF A GIANT REFINERY IN THE ROMANIAN CITY OF PITESTI EXPLODED AND BURNED. NO ONE IS SURE WHAT CAUSED THE EXPLOSION OR HOW MUCH OF THE PLANT WAS LOST. BUT THE ROMANIAN GOVERNMENT CAREFULLY PUBLICIZED THE PITESTI INCIDENT AS AN EXPLANATION FOR THE SEVERE SHORTAGE OF BOTTLED GAS FOR COOKING THAT HAS HIT CONSUMERS HERE. GIVEN THE LACK OF FURTHER INFORMATION, IT'S NOT CLEAR EXACTLY WHY THERE IS SUCH A CAUSE-AND-EFFECT RELATIONSHIP BETWEEN A DISASTER AT A REFINERY AND THE ANNOYANCE OF HOUSEWIVES.

WESTERN ECONOMIC ANALYSTS SAY THAT ROMANIA IS THE CLASSIC EXAMPLE OF AN ECONOMY OF SCARCITY OPERATING ON A THIN MARGIN. REMOVE ONE OF THE COUNTRY'S THREE REFINERIES FROM FULL OPERATION, THEY SAY, AND THE HOUSEHOLD WILL FEEL THE PINCH. THAT'S BECAUSE, MORE THAN ANY COUNTRY IN EASTERN EUROPE, ROMANIA PAMPERS INDUSTRY. THIRTY THREE PERCENT OF THE COUNTRY'S NATIONAL INCOME IS ANNUALLY INVESTED IN INDUSTRIAL DEVELOPMENT. IT IS PART OF ROMANIA'S FEVERISH DRIVE TO BECOME A SELF-SUFFICIENT INDUSTRIAL POWER.

ROMANIAN OFFICIALS DO COMPLAIN, THOUGH, ABOUT THE WASTE OF ENERGY IN THEIR PLANTS. THEY SAY THAT FUEL CONSUMPTION FOR THE MAKING OF STEEL IS THREE TIMES AS HIGH AS WEST GERMANY OR MORE THAN TWICE AS HIGH AS THE UNITED STATES. AN INCENTIVE PLAN TO

ENCOURAGE EFFICIENCY WAS ANNOUNCED EARLIER IN THE YEAR BUT SEEMS TO HAVE HAD LITTLE EFFECT SO FAR. THEY'LL TALK ABOUT IT, ONE DIPLOMAT SAID, BUT THEY WON'T ACCEPT THE POLITICAL DECENTRALIZATION WHICH GOES WITH ECONOMIC DECENTRALIZATION.

EVEN THOUGH ROMANIA DOES NOT DEPEND ON THE SOVIET UNION FOR ITS OIL AS DO THE OTHER EAST EUROPEAN COUNTRIES, ITS OWN SUPPLIES ARE DWINDLING. EXPENSIVE IMPORTS FROM IRAN, LIBYA AND ALGERIA ARE NEEDED TO KEEP THE LARGE REFINERIES OPERATING. A RASH OF GAS IMPORTS REPORTEDLY HAS FOLLOWED THE PITESTI DISASTER AS ROMANIA RUSHES TO MEET EXPORT COMMITMENTS FROM ITS REFINERY. MEANWHILE, CONSUMERS ARE ASSURED THAT THE BOTTLED GAS SHORTAGE WILL BE RELIEVED BEFORE TOO LONG. BUT JUST WHEN THAT WILL BE NO ONE HERE IS WILLING TO SAY.

WJL/RCS